



For Immediate Release
November 13, 2003

Contact: Jeremy Hendges
(517) 373-2413

Senate Committee on Commerce and Labor passes venture capital package

Lansing – A package geared at allowing nonprofit corporations to lend funds to venture capital firms and increase venture capital activity in Michigan passed through the Senate Committee on Commerce and Labor today.

“This package will help make venture capital more available in Michigan,” said Sen. Jason Allen (R- Traverse City), chair of the Commerce and Labor Committee. “Michigan excels at innovation and developing new technologies, but many of these operations move out of the state to produce the new goods because of the lack of capital available in Michigan. This needs to change.”

The three-bill package will create incentives to spur new venture capital investment in Michigan businesses, particularly in the high-tech and life-sciences industries

Senate Bill 834 creates a nonprofit corporation to lend funds to venture capital firms. Senate Bills 835 and 836 create Single Business Tax and income-tax credits for venture capital.

The nonprofit corporation would be established with a five-member board to distribute invested funds to venture capital firms, and to allocate the SBT and income-tax credits.

Tax credits would be based on a negotiated amount with each investor and would be activated if the investor did not receive the negotiated return on investment. SBT credits would be limited to \$30 million per year and \$150 million in total, beginning in tax years after 2008.

(More)

Oklahoma has a similar program in place and because of the return on investments received by venture capital firms they have never had to use the tax credits they offer.

Currently, Michigan ranks 34th across the nation in venture capital investments.

“We need to develop a strong venture capital fund in order to remain competitive as a state and attract new business and jobs,” Allen said. “This new venture capital fund can provide Michigan with a great opportunity to spur job growth.”

This legislation is part of the JOBS plan – “Job Opportunities for Business Success” – recently introduced by the Senate and House Republicans.

The bills now go before the full Senate.

###